

Message Text

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ACTION EB-08

INFO OCT-01 AF-08 EUR-12 NEA-10 ISO-00 CAB-02 CIAE-00
COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03
OMB-01 TRSE-00 /052 W
-----120713Z 128246 /15

R 111718Z MAR 77

FM AMEMBASSY BAMA KO
TO SECSTATE WASHDC 5898
INFO AMEMBASSY ABIDJAN
AMEMBASSY ACCRA
AMEMBASSY BANAJUL
AMCONSUL CASABLANCA
AMEMBASSY CONAKRY
AMEMBASSY DAKAR
AMCONSUL DOUALA
AMEMBASSY FREETOWN
AMEMBASSY MONROVIA
AMEMBASSY NIAMEY
AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: EAIR, BGEN, ML

SUBJECT: AIR MALI IN TROUBLE

1. LOCAL WORLD AIRWAYS (OAKLAND, CALIFORNIA) REPRESENTATIVE
(BAMA KO'S SOLE RESIDENT AMERICAN BUSINESSMAN) BRIEFED DCM
MARCH 10 AND 11 ON POSSIBILITY THAT WORLD AIRWAYS WILL
BREAK CONTRACT WITH AIR MALI FOR NON-PAYMENT OF BILLS.
AT STAKE IS CONTINUATION OF PROFITABLE CONTRACT RELATION-
SHIP, WHICH PROVIDES AMERICAN CAPTAINS AND FLIGHT ENGINEERS
FOR AIR MALI'S ONE BOEING 727.

2. PROBLEM IS NOT NEW. AIR MALI HAS ALWAYS BEEN SLOW IN PAYING
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ITS CONTRACT CHARGES TO WORLD, BUT SITUATION HAS NOW REACHED
POINT WHERE WORLD HAS FORMALLY NOTIFIED AIR MALI OF
INTENTION TO ABROGATE CONTRACT EFFECTIVE MARCH 25. AMOUNT IN
QUESTION IS AROUND \$300,000. WORLD HOLDS, HOWEVER, \$180,000
SECURITY DEPOSIT AND ONE ENGINE WORTH AROUND \$300,000, SO WORLD
WILL NOT LOSE MONEY.

3. IF BOEING IS GROUNDED, THAT LEAVES ONLY TWO 17 PASSENGER OTTER (CANADIAN) AIRCRAFT AND AN UNRELIABLE ANTONOV 24 FOR INTERNAL FLIGHTS. AIR MALI'S ILYUSHIN-18 HAS ONLY ENOUGH HOURS LEFT TO REACH MOSCOW FOR OVERHAUL, BUT RUSSIANS ARE DEMANDING PAYMENT IN ADVANCE AND AIR MALI DOES NOT HAVE IT.

4. AIR MALI'S INTERNATIONAL FLIGHTS WITH THE BOEING 727 ARE PROFITABLE, BUT CORRUPTION HAS SAPPED PROFITS AND WORKING CAPITAL. AIR MALI EMPLOYEES RUN OPEN SMUGGLING OPERATION, LOADING BOEING WITH LIQUOR, FOOD, ELECTRONIC GOODS AND OTHER HIGHLY SALABLE ITEMS ON PARIS-BAMAKO RUN. IN ADDITION, THERE ARE NO CENTRAL CONTROLS ON TICKET RECEIPTS. BRANCHES PROVIDE NO ACCOUNTING ON SALES AND RECEIPTS ARE FORWARDED IRREGULARLY.

5. IT APPEARS THAT WORLD AIRWAYS IS SERIOUS THIS TIME. IF MALIANS CANNOT COME UP WITH FULL PAYMENT, WORLD MAY CANCEL CONTRACT AND AIR MALI WOULD BE GROUNDED UNTIL IT COULD ARRANGE NEW CONTRACT WITH OTHER AIRLINE. THAT COULD TAKE TIME. CURRUPTION IN AIR MALI IS NO SECRET AND WE WOULD EXPECT ADVERSE PUBLICITY IN AFRICA OVER GROUNDING OF NATIONAL AIRLINE BECAUSE OF INTERNAL CORRUPTION. WE DOUBT THAT WORLD WOULD SHARE THIS CRITICISM, BUT IT IS A POSSIBILITY.
BYRNE

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Message Attributes

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